

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of ) DOCKET NO. 2008-0273  
)  
PUBLIC UTILITIES COMMISSION )  
)  
Instituting Proceedings to )  
Investigate the Implementation )  
Of Feed-in Tariffs. )  
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PUBLIC UTILITIES  
COMMISSION

2009 MAR 16 A 10:34

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CITY AND COUNTY OF HONOLULU'S  
RESPONSE TO THE HECO COMPANIES' INFORMATION  
REQUESTS FILED ON MARCH 4, 2009  
AND  
CERTIFICATE OF SERVICE

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REQUESTS FILED ON MARCH 4, 2009

The CITY AND COUNTY OF HONOLULU ("City"), by and through its attorneys, Corporation Counsel, Carrie K. S. Okinaga, and Deputy Corporation Counsel, Gordon D. Nelson, hereby submits Its Response the Information Requests to the City filed on March 4, 2009 by Hawaiian Electric Company Inc., Maui Electric Company Ltd. and the Hawaii Electric Light Company, Ltd. (collectively: HECO)

**HECO/City-IR-1    Ref: Paragraph 3**

Please describe in detail the City's near term plans to expand its generating capacity including type of technology, size of project, location of project and expected installation date to the extent that information is available.

**RESPONSE:**

1.     The City intends to add a "Third Boiler to its current H-Power facility. This will be a waste-to-energy, mass burn facility. The project will add to H-Power the capability to convert an addition 300,000 tons of waste per year to energy. The project is located at the current H-Power site at Hanua Street in Campbell Industrial Park . The expected date of commercial operation is May, 2012 based on information currently available. Initially the capacity of the Third Boiler will be 17 mw in year 2012, increasing to additional 10 mw over the following ten years to net 27 mw in year 2022.

2.     The City intends to install a Photovoltaic (PV) System for Buildings A, B and C at its Halawa Corporation Yard at 99-1077 Iwaena Street, Aiea. The estimated PV system size is 54.6 kW (~1,061 PV panels). Bid opening is anticipated in June 4, 2009.

3.     The City intends to install a Photovoltaic (PV) System for Building D at its Halawa Corporation Yard at 99-999 Iwaena Street, Aiea. The estimated PV system size is 100 kW. Bid opening is anticipated in theSpring, 2010

**HECO/City-IR-2    Ref: Paragraph 5**

Please provide any evaluations, studies or analyses to support your statement that "there are potential biomass and biogas projects close to being ready for development" including detailed descriptions of those projects, where they are to be located, their anticipated size, and anticipated in-service dates.

**RESPONSE:**

As a municipal solid waste facility the City's Third Boiler is a biomass project as currently defined for State RPS purposes. It has reached the stage where an environmental impact statement has been filed and an air quality permit application is under review.

**HECO/City-IR-3     Ref: Paragraph 8**

Please provide any evaluations, studies or analyses to support your statement that "there should be no caps, at least for the initial five to ten years of development experience under this tariff" and that "if caps are considered, they should be significantly higher than the caps contemplated by the Joint Proposal."

**RESPONSE:**

The City does not rely on evaluations or studies in making this statement.

The statement made in paragraph 8 of the City's Opening Statement of Position is not a proposal. It is an observation. It is introduced by the phrase, "If it is accepted that the purpose of PBFiTs is to encourage rapid development of renewable energy projects...." Paragraph 2 of the City's Opening Statement of Position pointed out that the Joint Proposal filed by HEC Co and the Consumer Advocate has identified a number of different objectives or goals without indicating their priority. HECO has since acknowledged that its objective is primarily the "orderly" introduction of renewables. Clearly, however, other parties in this matter view the main goal of PBFiTs to be the encouragement of as much use of renewable resources as possible, as soon as possible. Differing views of the objectives to be achieved lead to different proposals for tariff design policies. It seems clear that capping the availability of PBFiTs will slow the development of renewables. If rapid rather than orderly development of renewables is the primary policy goal, consideration should be given to delaying the imposition of caps for some period and/or to implementing higher caps. Again, this is an observation, not a proposal.

**HECO/City-IR-3    Ref: Paragraph 8**

Please provide any evaluations, studies or analyses to support your statement that "there should be no caps, at least for the initial five to ten years of development experience under this tariff" and that "if caps are considered, they should be significantly higher than the caps contemplated by the Joint Proposal."

....

a.        How does your proposal to exclude any caps insure that reliability and power quality on each island electric system are maintained?

**RESPONSE:**

See the Response to the introductory portion of HECO/City-IR-3. The City acknowledges that may still require that developers proposing to add renewable generating resources under a PBFiT must meet HECO's technical interconnection requirements to ensure system reliability.

**HECO/City-IR-3    Ref: Paragraph 8**

Please provide any evaluations, studies or analyses to support your statement that "there should be no caps, at least for the initial five to ten years of development experience under this tariff" and that "if caps are considered, they should be significantly higher than the caps contemplated by the Joint Proposal."

....

b.            What specific data, evaluations, studies or analyses did you rely upon as a part of any conclusion that your proposal insures reliability on each island system? Please provide that data, evaluations, studies and/or analyses to the extent they are available.

**RESPONSE:**

See the Responses to the introductory portion of HECO/City-IR-3 and to HECO/City-IR-3, subpart a.

**HECO/City-IR-3**    Ref: Paragraph 8

Please provide any evaluations, studies or analyses to support your statement that "there should be no caps, at least for the initial five to ten years of development experience under this tariff" and that "if caps are considered, they should be significantly higher than the caps contemplated by the Joint Proposal."

....

c.            If variable generation is presently having an adverse impact on a system's reliability, how would your proposal mitigate any further adverse impacts?

**RESPONSE:**

See the Responses to the introductory portion of HECO/City-IR-3 and to of HECO/City-IR-3, subpart a.



**HECO/City-IR-3    Ref: Paragraph 8**

Please provide any evaluations, studies or analyses to support your statement that "there should be no caps, at least for the initial five to ten years of development experience under this tariff" and that "if caps are considered, they should be significantly higher than the caps contemplated by the Joint Proposal."

....

d.            Do you agree that your proposal could result in increases in the rates paid by utility ratepayers? If so, what do you view as an acceptable level of increase for each of the utility system's ratepayers? What do you base that opinion on? Please provide any evaluations or analyses or studies used to support this opinion.

**RESPONSE:**

See the Response to the introductory portion of HECO/City-IR-3.

The City is uncertain at this time how utility ratepayers will be impacted by PBFiTs, capped or uncapped. If HECO is correct in its position regarding the preemptive effect of PURPA and/or the cap under existing state law on any PBFiT rates in excess of avoided costs is correct, there could be no impact on utility ratepayers. Further, assuming it is determined that a PBFiT above avoided costs is legal, an "acceptable" increase to ratepayers could involve payment of some premium for "green" energy".

**HECO/City-IR-3    Ref: Paragraph 8**

Please provide any evaluations, studies or analyses to support your statement that "there should be no caps, at least for the initial five to ten years of development experience under this tariff" and that "if caps are considered, they should be significantly higher than the caps contemplated by the Joint Proposal."

....

e.            How does your proposal insure that ratepayers within each of the three utility service territories do not receive significant rate increases?

**RESPONSE:**

See the Response to the introductory portion of HECO/City-IR-3 and to HECO/City-IR-3, subpart d.

**HECO/City-IR-3     Ref: Paragraph 8**

Please provide any evaluations, studies or analyses to support your statement that "there should be no caps, at least for the initial five to ten years of development experience under this tariff" and that "if caps are considered, they should be significantly higher than the caps contemplated by the Joint Proposal."

....

f.            What specific data, evaluations, studies or analyses did you rely upon as a part of any conclusion that your FIT proposal insures that ratepayers within each of the three utility service territories do not receive significant rate increases? Please provide that data, evaluations, studies and/or analyses to the extent they are available.

**RESPONSE:**

See the Response to the introductory portion of HECO/City-IR-3.

**HECO/City-IR-3**    Ref: Paragraph 8

Please provide any evaluations, studies or analyses to support your statement that "there should be no caps, at least for the initial five to ten years of development experience under this tariff" and that "if caps are considered, they should be significantly higher than the caps contemplated by the Joint Proposal."

....  
g.            What do you mean by "significantly higher"? What do you base any significantly higher number upon?

**RESPONSE:**

See the Response to the introductory portion of HECO/City-IR-3.

The Energy Agreement contemplates integration of 1100 MW of renewable energy to HECos grids, 700 MW within the next five years. Much of this capacity is from so-called Grandfathered Projects and 400 MW of wind power, none of which would be under the PBFiT. If any of these projects failed to materialize, the caps currently proposed by HECos and the Consumer Advocate on PBFiT projects would mean that those projects could not effectively make up for any shortfall." Significantly higher caps" would take into account the possibility, indeed the likelihood, that some of the large-scale projects being relied upon to meet the 1100 MM target will not proceed to development.

**HECO/City-IR-4**    Ref: Paragraph 11

Please provide any evaluations, studies or analyses to support your statement that contracts shorter than 20 years in length "require higher tariffs and thus pose greater difficulties in arriving at realistic prices." Does this statement apply to any technology? How do you define "realistic prices"

**RESPONSE:**

The City does not rely on evaluations or studies in making this statement.

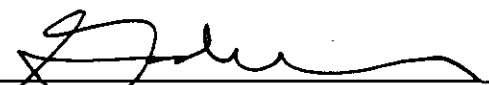
By way of clarification when the City refers to the City "higher tariffs" it means higher tariffs on an annualized basis. With higher annual tariffs being set because payments will be made over a shorter term it seems that there would be more room for error.

By "realistic prices" the City means prices that more accurately reimburse the developer for development costs, plus a reasonable profit.

DATED: Honolulu, Hawaii, March 13, 2009.

CARRIE K. S. OKINAGA  
Corporation Counsel

By

  
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CERTIFICATE OF SERVICE

The foregoing document was served on the date of filing by electronic transmission on the date of signature to each of the parties listed below.

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DATED: Honolulu, Hawaii, March 16, 2009.

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By



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08-0711/